

At a meeting of the Federal Reserve Board held in the office of the Board at 10.30 a. m. Tuesday, June 29th

PRESENT:

Mr. Hamlin, presiding,	Mr. Warburg
Mr. Delano	Mr. Harding
Mr. Williams	Mr. Willis, Secretary.

// By invitation Governor Benjamin Strong of the Federal Reserve Bank of New York was present to report to the Board certain results of the conference of Governors held in Chicago on June 14th. After Mr. Strong had reported, various other questions were taken up for informal discussion. //

The conference with Governor Strong having been closed the following resolution was on motion adopted:

RESOLVED, That Sherman Allen, the Settling Agent of the Federal Reserve Board, is authorized by the Board to turn over the combination of the safe in which the Gold Settlement Fund is now held to H. Parker Willis, to be by him held during the absence of the Settling Agent, and;

That J. A. Broderick, Chief of the Division of Audit and Examination, be directed to make a count of the notes now held in the Gold Settlement Fund and to seal packages of \$10,000,000 each, with the date and his verification thereon.

By previous appointment Mr. J. P. Cotton of New

York conferred with the Board, Counsel and Assistant Counsel also being present. The question of pending suits to test the constitutionality of the power to exercise trustee and executor functions was considered, and Mr. Cotton expressed the opinion that the Board should act upon all the permits which have accumulated during the past few months, as result of doubt regarding the legal status in various States. He recommended that the policy be accepted of granting such applications to suitable banks in all cases except where there was an explicit prohibition on the part of the State.

On motion it was accordingly voted that henceforward the policy of the Board be that of granting all applications for trustee and executor powers made by suitable and approved banks except in those cases where statutes of the State expressly or by necessary implication forbid such grant, as in New York and Minnesota.

It was informally agreed that the question of intervention in any suit or suits involving the constitutionality of the exercise of the powers in question be left in the hands of the Counsels of the Board in co-operation with Mr. Cotton with full power to act.

With reference to the question put by the Nat-

ional Bank of Bay City, Michigan, as to whether the Board would sustain the suit now about to be brought against the bank, it was voted to reply that the Board did not feel disposed to pay the expenses of the case, though it would be glad to furnish any suggestions that it could under the circumstances.

On motion it was voted that in all cases where applications have been made by suitable banks for trustee and executor powers but have been refused upon grounds inconsistent with the policy of the Board, as indicated in the resolution adopted at this meeting, they be informed that the Board will now act favorably upon their applications.

On motion it was voted that the Counsel prepare and present to the Board, a list of the States whose laws are such as to permit member banks located therein to apply for and receive trustee and executor powers, also a list of those whose laws permit State institutions to join the system.

On motion it was voted that Government bonds bought by Federal reserve banks prior to December 31, 1915 may not in the opinion of the Board be allowed to count as a part of the annual \$25,000,000 allotment

which under the terms of the Federal Reserve Act may be tendered by member banks subject to prorata allotment and be taken over from them by Federal reserve banks.

The Secretary was directed to give the fact of this action to the press.

On motion at 12.45 p. m. the Board adjourned to meet at 11.00 a. m. on Wednesday, June 30th.

H. Parker Willis

Secretary.

APPROVED:

C. Hamilton

Chairman.